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UNCLAS SECTION 01 OF 03 KATHMANDU 001511

SIPDIS

STATE FOR SA/INS AND DS/IP/NEA
STATE ALSO PLEASE PASS USAID/DCHA/OFDA
STATE ALSO PLEASE PASS PEACE CORPS HQ
USAID FOR ANE/AA GORDON WEST AND JIM BEVER
MANILA FOR USAID/DCHA/OFDA
LONDON FOR POL/GURNEY
TREASURY FOR GENERAL COUNSEL/DAUFHAUSER AND DAS JZARATE
TREASURY ALSO FOR OFAC/RNEWCOMB AND TASK FORCE ON TERRORIST
FINANCING
JUSTICE FOR OFFICE OF THE DEPUTY ATTORNEY GENERAL/DLAUFMAN
NSC FOR MILLARD
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E.O. 12958: N/A

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SUBJECT: UPDATE ON NEPAL'S MAOIST INSURGENCY, AUGUST 2-8

REFERENCE: (A) KATHMANDU 1431
(B) KATHMANDU 1496

SUMMARY

1. Despite agreement by the Maoists to sit for another round of peace talks with the Government of Nepal's (GON) negotiating team (Ref A), no date has yet been set, and the Maoist leadership remains out of the public eye and reportedly out of Nepal. Nepal's main political parties have once again rejected Prime Minister Surya Bahadur Thapa's plea to join the peace talks. Ambushes by Maoist cadres killed seven security personnel and injured twenty-nine others. One civilian also was killed. Maoists have warned that the attacks will continue if security forces move more than five kilometers from their barracks. Maoists reportedly continue to use the Nepal-India border to smuggle in contraband. Eleven people were abducted by insurgents in different parts of Nepal, and the Maoists continue to threaten Christian and US affiliated organizations. The insurgents also extorted money from an American volunteer Christian development group. End Summary.

THIRD ROUND OF DIALOGUE STILL ELUSIVE

2. Although the Maoists have agreed to sit for another round of peace talks, (Ref A) no date has yet been set. On August 5 Kamal Thapa, Minister of Information and Communication and member of the GON's negotiating team, said the GON is ready but the Maoists have not confirmed a date. Peace talks facilitators are attempting to establish a date before the GON's original suggestion of August 15, based on Maoist assertions that they want talks "at the earliest." Baburam Bhattarai, head of the Maoist negotiating team, reportedly told peace talk facilitators on August 7 that the Maoists would propose a date within the next few days.

3. On August 3, Minister Thapa, in response to the Maoists' demand that the GON present its agenda for talks, said the agenda would focus on the constitution and not individual issues. He said the GON is "in constant touch with the political parties, civil society and government agencies" to help frame its agenda, but it is not yet finalized.

POLITICAL PARTIES WON'T PARTICIPATE IN TALKS

4. The main political parties have rejected Prime Minister Thapa's plea to participate in the peace talks, announcing that they cannot interact with an "unconstitutional government." The Prime Minister had issued a statement on August 4 asking for cooperation from all the political parties to ensure the success of the peace talks, declaring that Nepal is at a "very difficult and decisive phase" after suffering irreparable losses. Leaders of the parties, however, rejected the Prime Minister's plea, and said they will continue their movement against monarchical "regression." Madhav Kumar Nepal, General Secretary of the Communist Party of Nepal-United Marxist Leninist (CPN-UML), said his party welcomes the talks but that the current "unconstitutional government" is incapable of dealing with the political demands of the Maoists.

5. According to August 3 press accounts, Girija Prasad Koirala, President of Nepali Congress, also rejected the invitation to party participation from Pushpa Kamal Dahal (Prachanda), Maoist Supreme Leader, as nothing more than a trick to derail the parties' movement against the government.

6. Padma Ratna Tuladhar and Sailendra Kumar Upadhaya, two

of the peace talks facilitators, said that the next round of talks would be held even without the participation of the political parties. On August 1 Tuladhar quoted Baburam Bhattarai, Maoist ideologue and head of the Maoist negotiating team, as saying that the third round of talks would be held regardless of whether the political parties participated. Upadhaya issued a statement on August 2 supporting this position.

MAOISTS AMBUSH SECURITY FORCES

17. Violent attacks by Maoists against security forces in the eastern district of Panchthar appear to be on the rise. On August 6 one civilian and a Royal Nepal Army (RNA) soldier were killed in an ambush by insurgents. Five security personnel were killed and twenty-eight were injured on August 5 after the truck they were riding in drove over a landmine planted by Maoists. On August 4 in the same district, security forces and Maoists exchanged gunfire after the insurgents reportedly threw bombs at security forces returning from patrol. There were no casualties reported. A Maoist district secretary reportedly threatened that the Maoists would "repeat such actions" if government forces patrolled beyond five kilometers of their barracks. The Home Ministry issued a statement condemning the attacks and said "it is a matter of sadness that the Maoists have continued such violent activities."

18. On August 4 in the western district of Dailekh, Maoists reportedly threw grenades and opened fire on RNA personnel guarding a telecommunications tower. One female Maoist was killed by return fire. On August 3 in the same district, RNA soldiers and insurgents reportedly were involved in a confrontation. Maoists claim they have been ordered to attack government troops who go outside five kilometers of their barracks. (Note: One of the Maoists' demands has been to implement an agreement allegedly reached during the second round of peace talks that restricts the RNA to within five kilometers of their barracks. The GON denies even agreeing to this and has not complied. End note).

19. Two policemen were attacked on August 1 in Nawalparasi District while surveying flood damage in the area. A group of Maoists opened fire on them, killing one officer instantly, while the other managed to escape.

MAOISTS USING NEPAL-INDIA BORDER TO IMPORT WEAPONS

10. According to press reports on August 6, Maoists are using the far-western district of Kanchanpur, which borders India, to smuggle in weapons and ammunition. Security forces reportedly said the insurgents are using the border region to import masses of pipes for use in constructing pipe bombs, and are also smuggling in explosives. Security has been increased in the region.

MAOISTS DEMAND MONEY FROM US VOLUNTEER GROUP

11. On August 2, Maoists in Nuwakot District, immediately north of Kathmandu, extorted money from a group of Americans assisting in the reconstruction of a school (Ref B). The group of fourteen Americans, twelve of whom are high school students, is part of "Global Roots," a Christian volunteer program based in Boston. Maoists in the village of Sirubari approached the group and according to the group's coordinator, they were "forced to pay fees." The insurgents also harangued the group for over an hour, during which they professed to hate America and President Bush. According to the coordinator of the group, the Maoists declared that "This is our area. We are in control. Just like any other area you have to pay fees for entering our zone." Fearing a return of the Maoists and demands for higher fees, the group terminated the project early and left the area early the next morning.

ABDUCTIONS BY MAOISTS CONTINUE

12. Maoists continue to violate the ceasefire by abducting civilians and security personnel. On August 3 the insurgents reportedly abducted seven civilians in the eastern district of Udayapur who were cutting timber. On that same day in Dolakha District, two brothers, one of whom is a policeman, were abducted by Maoists. The officer remains missing, but the insurgents released his brother after severely beating him. A group of Maoists in Rautahat District abducted a father and son on August 6. Their whereabouts remain unknown.

MAOISTS WARN AGAINST CHRISTIAN ORGANIZATIONS

13. On August 6 Maoists in the districts of Nuwakot,

Sindhupalchowk and Rasuwa, all immediately north of Kathmandu, issued a joint statement warning of action against USAID for "unnecessarily influencing Nepalis in the name of Christianity." The insurgents oppose the conversion of Hindus to Christianity and have accused USAID of attracting over five thousand Hindus to Christianity. In Nuwakot the Maoists reportedly already have banned all Christian organizations, accusing them of using the guise of religion to support "US backed elements."

MALINOWSKI